

Congressman Jim Jordan (R-OH), Chairman

December 9, 2009

U.S. Deficit \$292 Billion Through First Two Months of FY 2010

According to CBO, the federal deficit is \$292 billion through the first two months of FY 2010. So far in FY 2010, the federal government has run a \$176.4 billion deficit in October and a \$115 billion deficit in November. This is even higher than the FY 2009 deficit through the same period (and last year's total deficit amounted to more than \$1.4 trillion). The reason for the increased deficit is that tax revenues are down 9% compared to this time last year.

President Announces Proposal for Second "Stimulus"

Yesterday, the President announced a series of spending and tax proposals to make up a second "stimulus" bill. On the tax side, the President proposed a one-year elimination of the tax on capital gains from new investments in small business stock, an extension of expensing provisions for small businesses (as provided in the "stimulus"), an extension of the bonus depreciation tax incentive (also included in the first "stimulus"), and an unspecified tax cut for small businesses to hire employees. On the spending side, the proposal asks for new spending for highways, transit, rail, aviation, and water. The President's proposal also calls for a new program of incentives for consumers who invest in energy efficiency improvements to their home ("cash for caulkers" to be modeled on the "cash for clunkers" program). The President's proposal also calls for an extension of unemployment insurance, more aid to the states, \$250 payments to senior citizens, and a COBRA extension (the "stimulus" provided federal subsidies to COBRA health coverage for employees that lose their jobs, otherwise set to expire at end of year).

Quote of the Week: *"But we can't keep spending good money after bad."*

-President Obama, March 4, 2009

Fact of the Week: According to the Recovery.gov website, the "stimulus" has saved or created 640,329 jobs while costing \$157.8 billion. That is \$246,436 per job.

The Administration refused to cite a cost for these proposals, though it claims that money that has come back through the Troubled Asset Relief Program (TARP) can be used. However, Congress intended for money that flowed back into the Treasury under the program to be used for debt reduction, not to be used for further deficit spending.

Minibus on Floor This Week

This week, the House is scheduled to consider the \$448.9 billion FY 2010 "minibus," which will consist of 6 of the 7 remaining appropriations bills. Compared to FY 2009, the legislation is a **\$51.8 billion** or **13.0%** increase, and compared to FY 2008, the legislation is an **\$89.8 billion** or **25.0%** increase. The chart below shows the increases by bill.

FY 2010 "Minibus" Spending Increases

In Billions of Dollars

	FY 08	FY 09	"Minibus"	% Increase from FY 08	% Increase from FY 09
CJS	51.8	57.7	64.4	24.3%	11.6%
Financial Services	20.6	22.7	24.2	17.5%	6.6%
Labor-HHS	144.8	152.3	163.6	13.0%	7.4%
MilCon-Veterans	60.2	72.9	78.0	29.6%	7.0%
State-Foreign Ops	32.8	36.6	48.8	48.8%	33.3%
THUD	48.8	55.0	69.9	43.2%	27.1%
Total	359.1	397.1	448.9	25.0%	13.0%